

**FURTHER EDUCATION
COMMISSIONER ASSESSMENT
SUMMARY**

Liverpool College

DECEMBER 2013

Assessment

Background

1. Following the inadequate inspection result in February 2013 and the Skills Funding Agency's inadequate assessment for financial health, the Minister for Skills and Enterprise decided that the FE Commissioner should assess the position of the college in line with the government's intervention policy set out in *Rigour and Responsiveness in Skills*.
2. The FE Commissioner conducted his assessment between 25 November and 6 December 2013. He considered; the capacity and capability of the College's leadership and governance to deliver financial recovery within an acceptable timetable (including views on the robustness of the financial recovery plan); the capacity and capability of the College's leadership and governance to deliver both quality improvement and financial recovery; and how and when progress should be monitored and reviewed taking into account the Agency's regular monitoring arrangements

The Role, Composition and Activities of the Board

3. Governors are well represented in social enterprise and in regeneration, and there is good representation from the public sector. Their knowledge of Liverpool and its issues is strong. However, too many governors have served 8+ years, and too few members have leading-edge expertise in finance or in education. There is an immediate shortage of in-depth finance skills due to two recent resignations. No governor is a private sector Chief Executive, and collectively there is little experience of managing organisations of the size, scale and complexity of the College. This limits the extent to which governors are able to provide a level of scrutiny and challenge to drive the pace and focus of the necessary changes. Standards of clerking, however, have been strengthened recently and are now good

The Senior Management Team

4. The College has completely changed its management structure over the past two years since the appointment of the present Principal. The Executive team now consists of the Principal, a Deputy Principal and three Vice Principals, supported by a strategic leadership team of Assistant Principals and Directors and a wider leadership team of Heads of Schools and Support Managers. Restructuring has dissolved the former site-based faculties, and introduced 'pillars' each led by an Assistant Principal and comprising a number of 'schools'. Within each school, there is increased capacity to address quality improvement issues through curriculum team leaders and advanced lecturers (who drive improvements to teaching, learning, attendance, punctuality and the wider student experience). Staff report that the restructuring has had a number of advantages relating to communication, exchange of good practice, and management visibility. Roles and responsibilities are clearly defined and communications are much improved.
5. Overall there is the necessary range of skills and capabilities within the current management team to deliver the complex and challenging programme of quality and transformation that is needed. The key issue is whether this can be delivered within an appropriate timeframe, given the size of the task

The Quality of Provision

6. City of Liverpool College was inspected by Ofsted in February 2013 and was graded as inadequate for Overall Effectiveness; Outcomes for Learners; Teaching, Learning and Assessment; and Effectiveness of Leadership and Management. Overall success rates in 2012/13 were similar to those of 2011/12. They remain inadequate, and significantly below those that other colleges have been able to achieve, although it is recognized that the college has had to move forward from a very low starting point.
7. The post-inspection action plan (PIAP) addresses all key areas of weakness identified in the February 2013 Ofsted report. It was extensively reviewed by the Skills Funding Agency prior to being 'signed off'. The plan itself and the progress made has been the focus of 'support and challenge' visits undertaken by Ofsted, and a formal, published Ofsted monitoring visit took place in October 2013. The published report arising from the monitoring visit has assessed the College as making 'reasonable progress' in five of the six areas identified. The exception was outcomes on advanced level programmes, for which progress was judged as 'insufficient'.

The Financial Position

8. The College's financial health, as scored by the Skills Funding Agency, has fallen from 'outstanding' in 2010/11 to 'inadequate' in 2012/13. Until the appointment of the new Principal and senior members of her team, the College's financial strategy was not fit for purpose and the College had poor financial management and control. Since then the College has taken a number of steps to rectify the situation, including the strengthening of the finance team and the improvement of a number of key financial management processes.
9. In recognition of the need to modernise the College and improve its practices and efficiency, the Strategic Leadership team has developed a College Transformation Plan. The Plan was endorsed by the Board in July 2013. The plan is wide-ranging and sets out 29 initiatives to be delivered over a three-year period. The initiatives include achieving both structural (pay and infrastructure) and non-structural (essentially non-pay) savings. The total annual savings from the programme when complete are planned to be around £10m. As part of its transformation, the College is:
 - Re-focusing provision towards areas of priority and protected income
 - Increasing focus on staff and estate efficiency
 - Investing in teaching and learning resources and IT infrastructure
10. The College's pay costs have been above sector norms for three of the last five financial years and are forecast to be so again in the current year. Staff savings have been made over the last two years, but falling income has meant that achieving the sector norm has been elusive.
11. The Transformation Plan sets out further plans to address this issue through a series of restructures, two of which are virtually complete and others about to get underway. The restructures include the College's curriculum areas (with an initial focus on agency staffing, which has been costing around £1m per annum) and corporate/support service areas.

12. The College's financial plan forecasts that staff costs as a % of income will be around 62% in 2014/15.
13. The College's financial recovery, however, faces a number of material risks; with perhaps the most significant being the quantum of change envisaged over a relatively short period. The Strategic Leadership Team and the governors we spoke to recognise these risks and have confidence they can successfully be managed.

The Views of Stakeholders

14. A number of stakeholders selected by the Skills Funding Agency were interviewed by the Commissioner to gauge their reaction to the inadequate inspection report and to gain their perspective of the performance of the college. In addition, the Mayor of Liverpool contacted the Commissioner to offer his views on the present situation.
15. There can be little doubt that the overall consensus was that the College had made great strides in positioning itself as a major player in the regeneration of the city and that senior politicians and businessmen were very supportive of the way in which the College had refocused its provision on the skills needs of the area.
16. However, at individual company level there were still problems – slow responses to requests for help that are only now being addressed and long standing quality issues that had led to provision being transferred elsewhere. There was an acknowledgement, however that things were getting better, albeit slowly.

Conclusions

17. The College has taken on a major transformation project to refocus the institution on supporting the economic regeneration of the area, while at the same time addressing long standing cultural issues and the poor performance of a significant number of staff. The leadership team are clear as to their priorities and have the skills and experience to bring this transformation about. The scale of the task, however, should not be underestimated and the positive impact on student outcomes will not be fully apparent until 2014/2015.
18. There remains a question about whether the organisation as a whole can be aligned to the changing College strategy (for example, the unions have passed a vote of no confidence in the Strategic Leadership Team, although this seems to be because of specific actions (e.g. compulsory redundancies, rather than issues of capability)).
19. The Board seems to have been selected more for its "representative" nature than its skills set and tends to receive reports rather than challenge and scrutinise what is brought before it. The Chair and Vice Chair had been on the board for 20 years (both resigned following the arrival of the Commissioner) and there are a number of other long standing members.
20. Recent changes to the Board have brought new skills to the table but further changes are necessary to ensure that progress is carefully monitored and the ambitious plan for the college is brought to fruition. The Board needs to be refreshed with new leadership and with members who have more senior level experience in education, economic development and quality improvement. The addition of 'chief executive' level expertise would be helpful in providing the necessary challenge in a business of this size and complexity.

21. The 'command and control' model adopted by the present Senior Management Team has brought about many positive changes but there has been a cost. Good staff members have felt under threat and a number whose skills would have benefitted the college as it moves forward have left. A change of style will be needed if the college wishes to achieve its full potential. In making the transition to a longer-term more consensual approach, the support of a Principal/ ex Principal with experience of taking a college to "outstanding" would be beneficial in the next stages of the College's development.
22. At the time of re-inspection, probably in the spring of 2014, significant progress should have been made in the performance of the teachers in the classroom and conformance to basic standards of good practice will hopefully be seen as the norm. Because of the considerable growth in 2011/12/13, however, with its corresponding issues of poor retention due to insufficient attention being put on placing students on appropriate courses, a turnaround in success rates will not have been achieved by then. This may unduly affect the grade for leadership and management. Determining whether a further intervention may be necessary will depend on a careful reading of the re-inspection report and an analysis in particular of teaching and learning performance data. A significant improvement in success rates should be achievable in 2014, with a "no excuses" figure in 2015.

Recommendations from Further Education Commissioner

1. Governance arrangements at the College need to be improved, with additional, high level expertise in finance and further education and training added. Levels of appointment need to be raised to reflect the College's position as a £46m business (£63m including First4Skills) and to provide the necessary monitoring and oversight of the Executive. The visit of the FE Commissioner and discussions with the Chair and Board members has resulted in the Chair and Vice Chair stepping down. A new Chair and Vice Chair have been appointed with a limited timeframe of office (maximum four years). The SFA and EFA should attend Board meetings as observers until such time as the financial and qualitative problems of the college have been fully resolved.
2. The existing Senior Leadership Team should be allowed to continue to transform the College but with greater scrutiny and challenge by both the Board and the relevant agencies. The Principal would benefit from the support of an independent Principal/ex Principal with experience of developing outstanding provision.
3. The College should appoint a permanent well qualified and able Director of Finance at the earliest possible opportunity to strengthen its senior management.
4. No further funded growth should be allowed or substantive new projects undertaken until such time as the College has dealt with its present difficulties and outcomes for students are judged as good.
5. The College's performance should be monitored by the FE Commissioner on a monthly basis to ensure that the College's detailed plans continue to be translated into action. Further action may be necessary if insufficient progress is made.

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